MULTIMEDIA UNIVERSITY®

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID 2210)

BAB2024 – MANAGEMENT ACCOUNTING FOR MANAGERS

(All sections/Groups)

14 FEBRUARY 2023
2.30 p.m – 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 6 pages excluding the cover page with 4 questions only.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Andente is one of the biggest consulting firms in Malaysia. It uses job order costing and applies overhead based on direct labour cost. The company estimated total overhead costs to be RM24 million and direct labour costs to be RM20 million. In addition, it developed the following information:

Actual Costs Incurred During 2022

Items	RM
Direct materials used	30,000,000
Direct labour cost incurred	21,000,000
Janitorial services for professional offices	500,000
Insurance on contract operations	7,500,000
Utilities for contract operations	1,000,000
Rent on professional offices	11,000,000
Contract equipment depreciation	2,000,000

Required:

(a) Demonstrate the suitability of job order costing to Andente business operation. (2 marks)

(b) Compute the predetermined overhead rate for 2022. (4 marks)

(c) Compute the amount of underapplied or overapplied overhead for 2022. (13 marks)

(d) In 2022, consultancy contract A89 was started and completed. Its job cost sheet reported a total cost of RM100,000. Andente prices its consultancy works at 50% above cost. Compute the price charged to customer if the company follows this pricing strategy. (6 marks)

(Total: 25 marks)

Continued ...

QUESTION 2

Deco Industries manufactures aluminium trays using two processes: heating and stamping. All materials are added at the beginning of the heating process. Labour and manufacturing overhead are incurred uniformly throughout the production process. Unit and cost data for heating department during December 2022 are presented below.

Unit Data	
Beginning work in process units	0
Units started into production	22,000
Ending work in process units	2,000
Percentage of completion for ending work in process	40%

Cost Data (in RM)	
Materials	198,000
Labour	53,600
Overhead	112,800
Total	364,400

Required:

(a) Compute the physical unit flow and equivalent units for materials and conversion costs. (11 marks)

(b) Determine the unit costs of production. (8 marks)

(c) Prepare a cost reconciliation schedule for December 2022. (6 marks)

(Total: 25 marks)

Continued ...

QUESTION 3

Part A

Onip manufactures high-quality latex housepaint. It sells the paint to hardware franchisers and decorating stores. In March 2021, accounting records show the following data:

Items	March 1	March 31
Finished goods inventory	12,000	9,000
Work-in-process inventory	15,000	13,000
Raw materials inventory	8,000	7,000

In addition, the company incurred direct materials, direct labours and manufacturing overhead costs for its production in March with accounting record indicating RM130,000 as total cost of goods manufactured for the month. Total sales in March is RM170,000.

Required:

(a) Prepare an income statement through gross profit for March 2021. (8 marks)

(b) Show the presentation of inventories in the statement of financial position as at 31 March 2021.

(5 marks)

(c) Explain differences in income statement and statement of financial position between merchandising and manufacturing companies.

(3 marks)

Continued ...

Part B

AG Tailor produces seasonal coats. It has developed the following three cost pools:

Activity Cost Pools	Cost Drivers	Estimated Overhead (RM)	Estimated Use of Cost Driver per Activity
Designing	Designer hours	90,000	9,000
Sizing and cutting	Machine hours	450,000	15,000
Stitching and trimming	Labor hours	55,000	12,000

Required:

(a) Compute the activity-based overhead rates for each cost pool. (3 marks)

(b) Compute overhead applied for a coat which takes 10 designer hours, 0.75 machine hours, and 4 labour hours.

(4 marks)

(c) Explain the benefit of activity-based costing. (2 marks)

(Total: 25 marks)

Continued ...

QUESTION 4

Part A

The management accountant of Fateh Bhd is preparing cash budget. The following information is available for March, 2023:

Items	RM
Cash balance as at 1st March 2023	40,000,000
Dividend declaration	15,000,000
Operating expenses	60,000,000
Amortization expense	3,000,000
Cash collections	105,000,000
Merchandise purchases	45,000,000
Equipment purchases	20,000,000
Cash balance as at 31st March 2023	30,000,000

Fateh Bhd plans to declare the dividends on 25 March 2023. The dividends are payable 30 days after declaration to shareholders.

Required:

(a) Prepare a cash budget for the month ended 31 March 2023. (11 marks)

(b) Explain how cash budgeting can reduce the cost of short-term borrowing. (3 marks)

Continued ...

Part B

Shinlong manufactures electronic components with monthly production units range from 50,000 to 150,000 units. The budgeted variable and fixed manufacturing costs per unit are:

Budgeted variable manufacturing costs	**RM**
Direct materials	3
Direct labour	5
Overhead	7
Budgeted fixed manufacturing costs	
Depreciation	3
Supervision	1.5

In May 2022, the company produced 150,000 units. At this level of production, the company incurred direct materials RM550,000, direct labour RM800,000 and variable manufacturing overhead RM1,200,000. The actual fixed costs were equal to budgeted fixed costs.

Required:

(a) Prepare a flexible budget report for May 2022. (9 marks)

(b) Has the company successfully controlled the costs? Provide justification to support your answer.

(2 marks)

(Total: 25 marks)

End of Paper